

TOWN OF FERRIDAY, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
AS OF JUNE 30, 2009
AND FOR THE YEAR ENDED
WITH
INDEPENDENT AUDITOR'S REPORTS

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2/10/10



SILAS SIMMONS LLP

CERTIFIED PUBLIC ACCOUNTANTS *and* ADVISORS

Town of Ferriday, Louisiana
Annual Financial Statements
As of and for the Year Ended June 30, 2009
With Supplemental Information Schedules

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Town of Ferriday, Louisiana
Annual Financial Statements
As of and for the Year Ended June 30, 2009
With Supplemental Information Schedules

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INDEPENDENT AUDITOR'S REPORT

The Honorable Glen McGlothin, Jr., Mayor
and the Board of Aldermen
Town of Ferriday, Louisiana
Ferriday, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund and the aggregate remaining fund information of the Town of Ferriday, Louisiana, as of and for the year ended June 30, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

We were unable to determine the correct amount of water consumption for the year and the related amounts of water and sewer that should have been billed to customers in the business-type activities and the water and sewer funds. The mathematical calculations that the Town of Ferriday uses in its computation of water consumption does not allow for the billing of correct utility fees according to the water and sewer rate schedule approved by the Town. The amount by which these calculations would affect the assets, net assets and revenues in the business-type activities and the water and sewer funds is not reasonably determinable.

In our opinion, except for the effects, if any, of the matter described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the water and sewer funds of the Town of Ferriday, Louisiana, as of June 30, 2009, and the respective changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Honorable Glen McGlothin, Jr., Mayor
and the Board of Aldermen
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In addition, in our opinion, the basic government financial statements referred to above present fairly, in all material respects, the respective financial position of the Governmental Activities, the General Fund, the Sales Tax Bond Fund, the General Obligation Bond Fund, the Street Construction Fund, and the aggregate remaining fund information of the Town of Ferriday as of June 30, 2009, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2009, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on Pages 4 through 9 and Pages 37 through 39 are not a required part of the financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Ferriday, Louisiana's basic financial statements. The Other Supplemental Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, based on our audit is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Silas Simmons, LLP

Natchez, Mississippi
December 23, 2009

SECTION I
REQUIRED SUPPLEMENTAL INFORMATION

TOWN OF FERRIDAY, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2009

As management of the Town of Ferriday, Louisiana, we offer readers of the Town of Ferriday, Louisiana's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal years ended June 30, 2009 and 2008. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

FINANCIAL HIGHLIGHTS

The financial statements included in this report provide insight into the financial status for the year. Based upon the operations of 2009 and 2008, the Town of Ferriday's net assets decreased in 2009, which resulted in ending net assets of \$6,215,855 and increased in 2008 and resulted in ending net assets of \$6,788,824.

1. The beginning cash balance at July 1, 2007 for the Town of Ferriday was \$1,790,772. The ending cash balance was \$1,888,934 as of June 30, 2008 and \$1,275,587 at June 30, 2009.
2. The governmental activities had \$1,960,802 in revenue in 2009 and \$2,560,311 in revenues for 2008, which primarily consisted of sales taxes, property taxes, occupational license taxes, franchise taxes and fines. There was \$2,408,432 in governmental expenses in 2009, and \$2,125,811 in 2008, respectively.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town of Ferriday's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the town is improving or deteriorating.

The statement of activities presents information showing how the Town's net assets changed during the most recent fiscal year.

The government-wide financial statements outline functions of the Town that are principally supported by property taxes and intergovernmental revenues (governmental activities). Fixed assets and related debt is also supported by taxes and intergovernmental revenues.

The government-wide financial statements can be found on pages 11-12 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

The basic governmental fund financial statements can be found on pages 14-20 of this report.

TOWN OF FERRIDAY, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2009

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-35 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$6,215,855 as of June 30, 2009.

Net Assets for the period ending June 30, 2009 and 2008

The following is a condensed statement of the Town of Ferriday's net assets as of June 30, 2009 and 2008:.

	Governmental	Business Type	Year Ended June 30,	
	Activities	Activities	2009	2008
			Total	Total
Current Assets	\$ 1,078,253	\$ 675,024	\$ 1,753,277	\$ 2,224,031
Noncurrent Assets	2,527,874	5,498,692	8,026,566	8,297,208
Total Assets	3,606,127	6,173,716	9,779,843	10,521,239
Current Liabilities	536,100	310,158	846,258	378,868
Noncurrent Liabilities	892,436	1,825,294	2,717,730	3,353,547
Total Liabilities	1,428,536	2,135,452	3,563,988	3,732,415
Net Assets				
Investment in capital assets, net of related debt	1,370,896	3,504,376	4,875,272	4,781,145
Restricted for customer deposits		51,489	51,489	46,663
Restricted for debt service	362,774	316,188	678,962	796,687
Restricted for capital projects	41,992		41,992	41,992
Unrestricted	401,929	166,211	568,140	1,122,337
Total Net Assets	\$ 2,177,591	\$ 4,038,264	\$ 6,215,855	\$ 6,788,824

The following is a summary of the statement of activities:

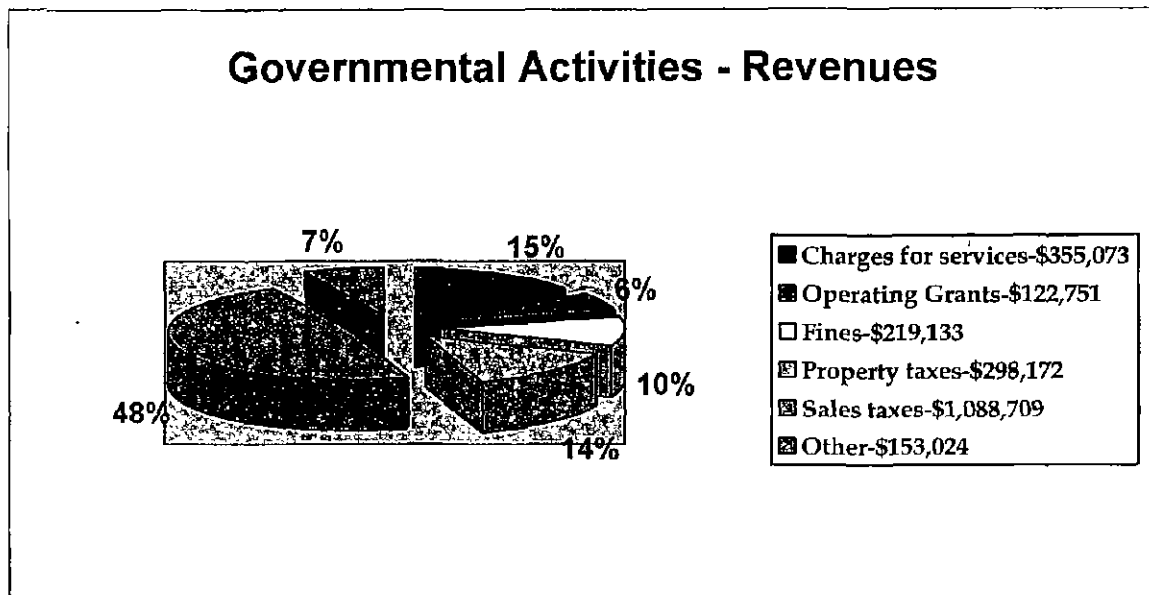
	Governmental	Business Type	2009	2008
	Activities	Activities	Total	Total
Revenues				
Program revenues	\$ 2,236,862	\$ 824,205	\$ 3,061,067	\$ 3,561,272
Transfers	(276,060)	276,060	-	-
Total revenues and transfers	\$ 1,960,802	\$ 1,100,265	\$ 3,061,067	\$ 3,561,272

TOWN OF FERRIDAY, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2009

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

	Governmental Activities	Business Type Activities	2009 Total	2008 Total
Expenses:				
General and administrative	\$ 829,489	\$ -	\$ 829,489	\$ 793,883
Public safety	972,612	-	972,612	916,584
Streets	267,196	-	267,196	177,147
Sanitation	244,128	-	244,128	178,046
Recreation	40,874	-	40,874	-
Interest expense	54,133	-	54,133	60,151
Utility operations	-	1,225,605	1,225,605	1,182,966
Total expenses	<u>2,408,432</u>	<u>1,225,605</u>	<u>3,634,037</u>	<u>3,308,777</u>
Increase (decrease) in net assets	(447,630)	(125,340)	(572,970)	252,495
Net assets, July 1	<u>2,625,221</u>	<u>4,163,604</u>	<u>6,788,825</u>	<u>6,536,329</u>
Net assets, June 30	<u>\$ 2,177,591</u>	<u>\$ 4,038,264</u>	<u>\$ 6,215,855</u>	<u>\$ 6,788,824</u>

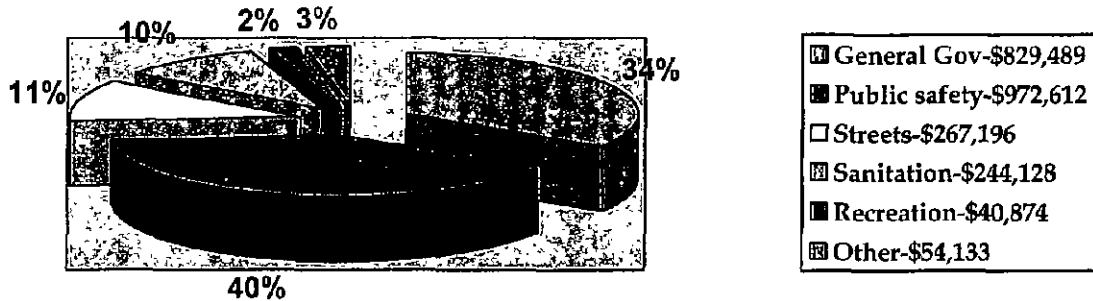
The following are a graphical representation of information presented in the Statement of Activities for Governmental Activities.



TOWN OF FERRIDAY, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2009

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Governmental Activities - Expenses



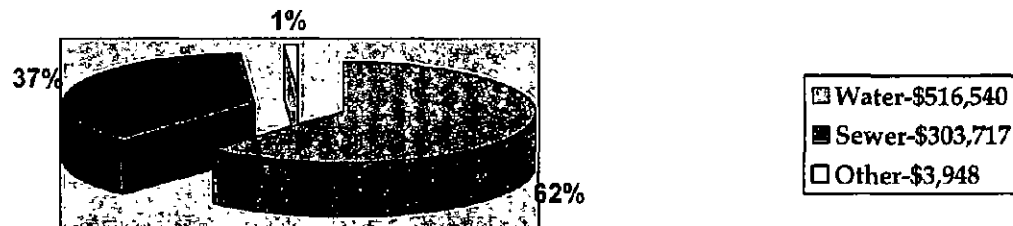
The notes to the financial statements have additional information presented that is essential to a full understanding of the data provided in the government-wide financial statements.

Business Type Activities

The Business-Type Activities of the Town are those that charge a fee to customers for the services provided. The Town has two Business-Type Activities, (water & sewer), which are accounted for in Enterprise Funds.

The following are graphical representations of information in the Statement of Activities for Business-Type Activities:

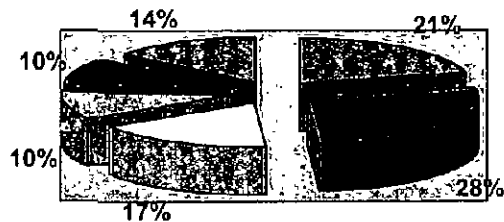
Business Type Activities - Revenues



TOWN OF FERRIDAY, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2009

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Business Type Activities - Expenses



Salaries	\$252,352
Depreciation	\$342,881
Chemicals	\$204,465
Utilities	\$135,123
Interest	\$118,219
Other	\$172,565

The notes to the financial statements have additional information presented that is essential to a full understanding of the data provided in the government-wide financial statements.

Comments on General Fund Comparisons

The Town's budget was amended once during the last year. The changes were made to show the effects of the actual cost and revenue decreases from changes in operations. Expenditures were \$2,369,825 in the budget and revenues were budgeted at \$2,403,500.

Actual expenditures exceeded the budgeted amounts by \$147,399 and actual revenue was \$326,342 less than the budgeted amounts, mainly due to the Wal-Mart CEA payment of \$270,000 that was not received until after year end.

CAPITAL ASSETS

As of June 30, 2009, the Town had a net of \$2,527,874 invested in capital assets in the general fund and \$5,498,692 in the proprietary fund. This year there were additions of \$161,870 in the general fund and \$140,100 in the proprietary fund. The following capital assets were purchased in the fiscal year ended June 30, 2009:

General Fund:	
Downtown pavillion	\$ 36,329
Gym renovations	26,788
Radio equipment	30,228
Copiers	7,150
Used vehicles (5)	17,780
Mowers, tractors, trailer, and sprayer	18,975
Sidewalks	24,620
	<u>\$ 161,870</u>
Enterprise Fund:	
Cat 320L trackhoe	\$ 32,500
Case 580 backhoe	64,435
Airmaster aerator	38,550
Refrigerated sampler	4,615
Total	<u>\$ 140,100</u>

TOWN OF FERRIDAY, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2009

MANAGEMENT'S REPORT

The main focus of activity for the Town of Ferriday for the fiscal year ended June 30, 2009, was water system operations and improvements. The Town is at this time in the process of construction of a new water tank that will improve operations to a point that the boil water restrictions in place will be lifted. The second phase of water system upgrades will include new water meters and a new billing system so that the Town of Ferriday can bill and collect for all the water that is being used by its residents. This should be complete in early 2010. The future plan for the third phase of improvement in the water system includes the construction of a new plant, which is still in the planning stage.

The Town received \$270,000 from Wal-Mart after the fiscal year end for their support of Ferriday in the loss of the revenues from sales tax when they closed their store in the Town. These funds have been used for the necessary repairs to get the Town's water system in compliance.

There has been business expansion in the Town of Ferriday during this fiscal year and new businesses are scheduled to open in the new year. The Town has applied for grants to assist in bringing new activities to the area. New sidewalks have been added and the Town also participated in renovations to the Ferriday gym in order to expand its recreation programs.

New equipment, including a Caterpillar trackhoe and Case backhoe, has been added to assist the Town in both the utility and street departments. The street department has been very active in improving drainage, trash pickup, street conditions, and lot clearing. These activities and assets were paid for with Town operating funds.

In the next fiscal year, the Town is or has received grants to fund the purchase of new police cars, testing equipment, and a rehabilitation of the sewer system.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. Any questions about this report or request for additional information may be directed to Gayle Cowan, Town Clerk, 1116 Second Street, Ferriday, LA 71334, (318) 757-3411.

**SECTION II
GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

TOWN OF FERRIDAY, LOUISIANA
Statement of Net Assets
June 30, 2009

Statement A

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash	\$ 739,408	\$ 12,642	\$ 752,050
Receivables (net of allowances for uncollectible amounts)	182,167	294,705	476,872
Due from other funds	818	(818)	-
Restricted assets	155,860	367,677	523,537
Capital assets (net)	<u>2,527,874</u>	<u>5,498,692</u>	<u>8,026,566</u>
Total assets	<u>3,606,127</u>	<u>6,172,898</u>	<u>9,779,025</u>
<u>LIABILITIES</u>			
Accounts, salaries, and other payables	257,275	38,117	295,392
Accrued compensated absences	-	4,119	4,119
Customer deposits	-	95,459	95,459
Accrued interest payable	14,283	2,623	16,906
Long-term liabilities -			
Due within one year	264,542	169,022	433,564
Due in more than one year	<u>892,436</u>	<u>1,825,294</u>	<u>2,717,730</u>
Total liabilities	<u>1,428,536</u>	<u>2,134,634</u>	<u>3,563,170</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	1,370,896	3,504,376	4,875,272
Restricted for:			
Customer deposits	-	51,489	51,489
Debt service	362,774	316,188	678,962
Capital projects	41,992	-	41,992
Unrestricted	<u>401,929</u>	<u>166,211</u>	<u>568,140</u>
Total net assets	<u>\$ 2,177,591</u>	<u>\$ 4,038,264</u>	<u>\$ 6,215,855</u>

The accompanying notes are an integral part of this statement.

TOWN OF FERRIDAY, LOUISIANA
Statement of Activities
For the Year Ended June 30, 2009

Statement B

	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
			Capital			
	Expenses	Charges for Services	Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<u>Governmental Activities:</u>						
General government	\$ 829,489	\$ 355,073	\$ 108,840	\$ (365,576)	\$ -	\$ (365,576)
Public safety	972,612	219,133	13,911	(739,568)	-	(739,568)
Streets	267,196	-	-	(267,196)	-	(267,196)
Sanitation	244,128	-	-	(244,128)	-	(244,128)
Recreation	40,874	-	-	(40,874)	-	(40,874)
Interest on long-term debt	54,133	-	-	(54,133)	-	(54,133)
Total governmental activities	2,408,432	574,206	122,751	(1,711,475)	-	(1,711,475)
<u>Business-type Activities:</u>						
Water	748,094	516,540	-	-	(231,554)	(231,554)
Sewer	477,511	303,717	-	-	(173,794)	(173,794)
Total business-type activities	1,225,605	820,257	-	-	(405,348)	(405,348)
Total	\$ 3,634,037	\$ 1,394,463	\$ 122,751	\$ (1,711,475)	\$ (405,348)	\$ (2,116,823)
<u>General Revenues</u>						
Taxes						
Property taxes				298,172	-	298,172
Sales taxes				1,088,709	-	1,088,709
Other taxes				113,584	-	113,584
Interest income				9,542	3,948	13,490
Other				29,898	-	29,898
Transfers				(276,060)	276,060	-
Total general revenues and transfers				1,263,845	280,008	1,543,853
Change in net assets				(447,630)	(125,340)	(572,970)
Net assets, beginning of the year				2,625,221	4,163,604	6,788,825
Net Assets, end of the year				\$ 2,177,591	\$ 4,038,264	\$ 6,215,855

The accompanying notes are an integral part of this statement.

SECTION III
FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

TOWN OF FERRIDAY, LOUISIANA
Governmental Funds
Balance Sheet
June 30, 2009

Statement C

	Major Funds				
	General Fund	Sales Tax Bond Fund	General Obligation Bond Fund	Street Construction Fund	Total
<u>ASSETS</u>					
Cash	\$ 490,502	\$ 64,422	\$ 142,492	\$ 41,992	\$ 739,408
Accounts receivable (net of allowance for uncollectibles)	182,167	-	-	-	182,167
Due from other funds	-	111,328	118,875	-	230,203
Restricted assets	-	155,860	-	-	155,860
Total Assets	<u>672,669</u>	<u>331,610</u>	<u>261,367</u>	<u>41,992</u>	<u>1,307,638</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>LIABILITIES</u>					
Accounts, salaries, and other payables	257,275	-	-	-	257,275
Due to other funds	-	118,875	110,510	-	229,385
Total Liabilities	<u>257,275</u>	<u>118,875</u>	<u>110,510</u>	<u>-</u>	<u>486,660</u>
<u>FUND BALANCES</u>					
Reserved for:					
Debt service	-	212,735	150,857	-	363,592
Capital projects	-	-	-	41,992	41,992
Unreserved, reported in:					
General fund	415,394	-	-	-	415,394
Total Fund Balances	<u>415,394</u>	<u>212,735</u>	<u>150,857</u>	<u>41,992</u>	<u>820,978</u>
Total Liabilities and Fund Balances	<u>\$ 672,669</u>	<u>\$ 331,610</u>	<u>\$ 261,367</u>	<u>\$ 41,992</u>	<u>\$ 1,307,638</u>

TOWN OF FERRIDAY, LOUISIANA
Reconciliation of the Governmental Funds Balance Sheet
To the Statement of Net Assets
June 30, 2009

Statement D

Fund Balances - total governmental funds (Statement C)	\$ 820,978
Amounts reported for governmental activities in the Statement of Net Assets (Statement A) are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:	
Capital assets, net of depreciation as of June 30, 2008	2,595,735
Plus capital outlay expenditures made during the year	161,870
Less depreciation expense recorded during the year	(229,731)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Long-term liabilities at June 30, 2008	(1,371,245)
Net reduction in long-term liabilities	214,267
Accrued interest on bonds	<u>(14,283)</u>
Net Assets of Governmental Activities (Statement A)	<u>\$ 2,177,591</u>

TOWN OF FERRIDAY, LOUISIANA
Governmental Funds
Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Year Ended June 30, 2009

	Statement E				
	Major Funds				
	General Fund	Sales Tax Bond Fund	General Obligation Bond Fund	Street Construction Fund	Total
<u>REVENUES</u>					
Taxes	\$ 1,372,534	\$ -	\$ 127,930	\$ -	\$ 1,500,464
Licenses and permits	151,834	-	-	-	151,834
Intergovernmental					
Federal grants	17,519	-	-	-	17,519
State funds	105,232	-	-	-	105,232
Charges for services	203,239	-	-	-	203,239
Fines	219,133	-	-	-	219,133
Miscellaneous	29,899	-	-	-	29,899
Total Revenues	<u>2,099,390</u>	<u>-</u>	<u>127,930</u>	<u>-</u>	<u>2,227,320</u>
<u>EXPENDITURES</u>					
Current					
General government and administration	761,930	-	-	-	761,930
Public Safety					
Police	673,816	-	-	-	673,816
Fire	195,401	-	-	-	195,401
Streets	206,730	-	-	-	206,730
Sanitation	244,128	-	-	-	244,128
Recreation	40,874	-	-	-	40,874
Capital outlays	161,870	-	-	-	161,870
Debt Service					
Principal	33,244	110,000	95,000	-	238,244
Interest	8,433	18,050	31,030	-	57,513
Total Expenditures	<u>2,326,426</u>	<u>128,050</u>	<u>126,030</u>	<u>-</u>	<u>2,580,506</u>
Excess of revenues over (under) expenditures	(227,036)	(128,050)	1,900	-	(353,186)
Other financing sources and (uses)					
Long-term debt issued	22,288	-	-	-	22,288
Interest income	5,944	3,180	418	-	9,542
Transfers in	169,500	127,750	15,510	-	312,760
Transfer out	(588,820)	-	-	-	(588,820)
Total other financing sources and (uses)	<u>(391,088)</u>	<u>130,930</u>	<u>15,928</u>	<u>-</u>	<u>(244,230)</u>
Net changes in fund balances	(618,124)	2,880	17,828	-	(597,416)
Fund balances at beginning of year	<u>1,033,518</u>	<u>209,855</u>	<u>133,029</u>	<u>41,992</u>	<u>1,418,394</u>
Fund balances at end of year	\$ 415,394	\$ 212,735	\$ 150,857	\$ 41,992	\$ 820,978

TOWN OF FERRIDAY, LOUISIANA
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures
And Changes in Fund Balance
To the Statement of Activities
For the Year Ended June 30, 2009

Statement F

Net Change in Fund Balances - total governmental funds (Statement E)	\$ (597,416)
--	--------------

Amounts reported for governmental activities in the Statement of
Activities are different because:

Governmental funds report capital outlays as expenditures.

However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives. Thus, the change in net assets differs from the change in fund balances by the amount that depreciation of \$229,731 exceeded capital outlays of \$161,870 in the current period.	(67,861)
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Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Thus, the change in net assets differs from the change in fund balances by the amount that debt repayments of \$238,244 exceeds additions to debt of \$22,288.

215,956

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the statement of activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net assets differs from the change in fund balances by a combination of the following items:

Decrease in accrued interest on long-term liabilities	3,380
Increases in liability for compensated absences	<u>(1,689)</u>

Changes in Net Assets of Governmental Funds (Statement B)	\$ <u>(447,630)</u>
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PROPRIETARY FUNDS

TOWN OF FERRIDAY, LOUISIANA
Proprietary Funds
Statement of Net Assets
June 30, 2009

	Major Funds		Statement G
<u>ASSETS</u>	Water Fund	Sewer Fund	Total
Current Assets			
Cash	\$ 2,473	\$ 10,169	\$ 12,642
Accounts receivable, utility sales (Net of allowance of \$80,900 and \$61,600, respectively)	195,378	99,327	294,705
Total current assets	197,851	109,496	307,347
Non-Current Assets - Restricted Assets			
Bond Debt Service Fund	30,997	128,139	159,136
Bond Sinking Fund	67	-	67
Depreciation Fund	82,225	74,760	156,985
Consumer deposits	51,489	-	51,489
Total non-current assets - restricted assets	164,778	202,899	367,677
Non-Current Assets - Capital Assets			
Property, plant and equipment	5,936,428	6,414,863	12,351,291
Less accumulated depreciation	(3,272,502)	(3,580,097)	(6,852,599)
Total non-current assets - capital assets	2,663,926	2,834,766	5,498,692
TOTAL ASSETS	3,026,555	3,147,161	6,173,716
<u>LIABILITIES</u>			
Current Liabilities (payable from current assets)			
Accounts, salaries, and other payables	27,122	10,995	38,117
Due to other funds	818	-	818
Accrued compensated absences	3,415	704	4,119
Total current liabilities (payable from current assets)	31,355	11,699	43,054
Current Liabilities (payable from restricted assets)			
Customer deposits	95,459	-	95,459
Notes payable, current portion	120,535	48,487	169,022
Accrued interest payable	-	2,623	2,623
Total current liabilities (payable from restricted assets)	215,994	51,110	267,104
Long-Term Liabilities			
Notes payable	723,491	1,101,803	1,825,294
TOTAL LIABILITIES	970,840	1,164,612	2,135,452
NET ASSETS			
Invested in capital assets, net of related debt	1,819,900	1,684,476	3,504,376
Restricted for customer deposits	51,489	-	51,489
Restricted for debt service	113,289	202,899	316,188
Unrestricted	71,037	95,174	166,211
TOTAL NET ASSETS	\$ 2,055,715	\$ 1,982,549	\$ 4,038,264

The accompanying notes are an integral part of this statement.

TOWN OF FERRIDAY, LOUISIANA
Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Assets
For the Year Ended June 30, 2009

	Major Funds		Statement H
	Water Fund	Sewer Fund	Total
Operating Revenues:			
Utility sales	\$ 512,631	\$ 299,727	\$ 812,358
Tap fees	3,115	2,310	5,425
Other income	794	1,680	2,474
Total operating revenues	<u>516,540</u>	<u>303,717</u>	<u>820,257</u>
Operating Expenses:			
Salaries	190,919	29,882	220,801
Payroll taxes and retirement	27,405	4,146	31,551
Utilities	76,975	58,148	135,123
Chemicals and supplies	184,760	19,705	204,465
Repairs and maintenance	14,754	60,860	75,614
Consultant fees	7,233	16,868	24,101
Telephone	4,143	1,066	5,209
Truck and fuel	27,615	11,838	39,453
Office expense and postage	7,060	319	7,379
Depreciation	144,472	198,409	342,881
Other operating expense	3,324	17,485	20,809
Total operating expenses	<u>688,660</u>	<u>418,726</u>	<u>1,107,386</u>
Net (loss) from operations	<u>(172,120)</u>	<u>(115,009)</u>	<u>(287,129)</u>
Non-operating Revenues and (Expenses):			
Interest income	2,199	1,749	3,948
Interest expense	<u>(59,434)</u>	<u>(58,784)</u>	<u>(118,218)</u>
Total non-operating revenues and expenses	<u>(57,235)</u>	<u>(57,035)</u>	<u>(114,270)</u>
(Loss) before transfers	<u>(229,355)</u>	<u>(172,044)</u>	<u>(401,399)</u>
Transfers in	342,961	102,599	445,560
Transfers out	<u>(114,500)</u>	<u>(55,000)</u>	<u>(169,500)</u>
Change in Net Assets (loss)	<u>(894)</u>	<u>(124,445)</u>	<u>(125,339)</u>
Total Net Assets at beginning of year	<u>2,056,609</u>	<u>2,106,994</u>	<u>4,163,603</u>
Total Net Assets at end of year	<u>\$ 2,055,715</u>	<u>\$ 1,982,549</u>	<u>\$ 4,038,264</u>

The accompanying notes are an integral part of this statement.

TOWN OF FERRIDAY, LOUISIANA
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2009

	Major Funds		Statement I
	Water Fund	Sewer Fund	Total
Cash flows from operating activities			
Cash received from customers	\$ 435,445	\$ 285,206	\$ 720,651
Cash paid to suppliers and employees	(530,223)	(211,057)	(741,280)
Net cash (used) provided by operating activities	(94,778)	74,149	(20,629)
Cash flows from noncapital financing activities			
Transfers from other funds	342,961	102,599	445,560
Transfers to other funds	(114,500)	(55,000)	(169,500)
Increase in due to other funds	818	-	818
Net cash provided by noncapital financial activities	229,279	47,599	276,878
Cash flows from capital and related financing activities			
Invested in capital assets	(96,935)	(43,165)	(140,100)
Principal paid on notes payable	(104,095)	(46,407)	(150,502)
Interest paid on notes payable	(59,434)	(58,785)	(118,219)
Interest income	2,199	1,749	3,948
Total cash (used) for financing activities	(258,265)	(146,608)	(404,873)
Net increase (decrease) in cash	(123,764)	(24,860)	(148,624)
Cash at beginning of year	291,015	237,928	528,943
Cash at end of year	167,251	213,068	380,319
Reconciliation of operating income to net cash provided by:			
Operating (loss)	(172,120)	(115,009)	(287,129)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	144,472	198,409	342,881
Changes in assets and liabilities:			
(Increase) in accounts receivable	(85,921)	(18,511)	(104,432)
Increase in accounts payable	15,398	8,556	23,954
(Decrease) in accrued absences	(1,433)	704	(729)
Increase in customer deposits	4,826	-	4,826
Net cash (used) provided by operating activities	\$ (94,778)	\$ 74,149	\$ (20,629)

The accompanying notes are an integral part of this statement.

TOWN OF FERRIDAY, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended June 30, 2009

INTRODUCTION

The Town of Ferriday is a municipal corporation governed by an elected mayor.

1. The Town of Ferriday, Louisiana was incorporated under provisions of the Lawrason Act as a Town in 1923.
2. The purpose of a municipality is to provide utility services, public safety (police and fire), streets, sanitation and general administrative services.
3. The Board of Aldermen consists of five elected members that are paid \$200 (increased to \$500 in April, 2009) per month for regular meetings and \$100 for each special meeting.
4. The Town of Ferriday is located in the northeastern portion of Concordia Parish, Louisiana. Concordia Parish is located in northeastern Louisiana.
5. The population of Ferriday was 3,698 on July 1, 2005, according to Louisiana Tech University.
6. The Town of Ferriday had 44 employees as of June 30, 2009.
7. The Town of Ferriday had approximately 1,432 utility customers as of June 30, 2009. The customers consisted of 1,274 residential customers and 158 commercial customers as of June 30, 2009.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the municipality is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the municipality may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

TOWN OF FERRIDAY, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended June 30, 2009

A. Government-Wide and Fund Financial Statements (continued)

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The municipality reports the following major governmental funds:

The General Fund is the municipality's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Sales Tax Bond Fund accounts for transactions relating to resources retained and used for the payment of principal and interest on long-term obligations created by the issuing of \$1,300,000 sales tax bonds.

The General Obligation Bond Fund accounts for transactions relating to resources retained and used for the payment of principal and interest on long-term obligations created by the issuing of \$1,280,000 general obligation bonds.

The Street Construction Fund accounts for transactions relating to proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

The municipality reports the following major proprietary funds:

The Water Fund is used to account for operations where the intent of the governing body is that costs (expenses, including depreciation) of providing water services to the general public on a continuing basis be financed (or recovered primarily) through user charges.

The Sewer Fund is used to account for operations where the intent of the governing body is that costs (expenses, including depreciation) of providing sewer services to the general public on a continuing basis be financed (or recovered primarily) through user charges.

TOWN OF FERRIDAY, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended June 30, 2009

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the government enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are the sales of water and sewer services to both residential and commercial customers. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the municipality's policy to use restricted resources first, then unrestricted resources as they are needed.

C. Deposits

The municipality's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the municipality's investment policy allow the municipality to invest in collateralized certificates of deposits, government back securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

D. Receivables and Revenues

All trade and property tax receivables are shown net of an allowance for uncollectibles.

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The following is a summary of authorized and levied ad valorem taxes:

As of and for the Year Ended June 30, 2009

D. Receivables and Revenues (continued)

General Fund	13.99 mills
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General Obligation Bond Fund 12.00 mills

The following are the principal taxpayers and related property tax revenue for the municipality:

	Assessed Valuation	Assessed Valuation	Ad Valorem Tax
Bell South	\$ 559,410	5%	\$ 14,544
Concordia Bank	757,900	7%	19,707

The Town has levied a 2 ½% sales tax on sales within the legal limits of the Town. The proceeds of the sales tax are dedicated to:

1. Payment of sales tax bonds;
2. Payment of general operating expenses of the Town;
3. Payment of all or part of capital improvements;
4. Maintenance or operation of capital improvements; and
5. Any one or all of the aforementioned purposes.

E. Restricted Assets

At June 30, 2009, certain assets of the Town of Ferriday, Louisiana, have been restricted for debt service and customers' deposits as follows:

	Sales	Proprietary Funds	
	Tax Bond	Water	Sewer
	Fund	Fund	Fund
Restricted for debt service	\$ 155,860	\$ 113,289	\$ 202,899
Restricted for customer deposits	-	51,489	-
	\$ 155,860	\$ 164,778	\$ 202,899

F. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Under the provisions of GASB Statement No. 34 as a Phase III government, the Town has elected not to retroactively capitalize certain infrastructure assets such as roads and streets.

TOWN OF FERRIDAY, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended June 30, 2009

F. Capital Assets (continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was no interest incurred or capitalized during the year.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Gas lines, sewer lines, and water plant	40 years
Vehicles and equipment	3 to 10 years
Buildings	40 years
Other	5 to 20 years

G. Compensated Absences

The municipality has the following policy relating to vacation and sick leave:

Annual Leave - For the first five years of full-time employment, each employee shall be credited with eighty hours of annual leave on his employment anniversary date. Each employee with more than five and less than ten years of service as a full-time employee shall be credited with 96 hours of annual leave on his or her anniversary date. Each employee with ten or more years of service as a full-time employee shall be credited with 120 hours of annual leave on his or her employment anniversary date. The maximum hours accumulated can be no more than 240 hours.

Sick Leave - Each full-time employee shall earn sick leave at the rate of eight hours for each month worked. However, no employee may accumulate more than 80 hours of sick leave per year nor accumulate more than 240 hours of sick leave overall.

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

1. The employees' rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

GASB Statement No. 16 provides that a liability for sick leave should be accrued using one of the following termination approaches:

1. An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.
2. Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

TOWN OF FERRIDAY, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended June 30, 2009

G. Compensated Absences (continued)

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

H. Long-Term Obligations

In the government-wide financial statements, and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

I. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

J. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

K. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the municipality, which are either unusual in nature or infrequent in occurrence.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

BUDGET INFORMATION - The municipality uses the following budget practices:

1. The Town prepares a proposed budget and submits it to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year. The Town approves a budget for the general fund only.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.

TOWN OF FERRIDAY, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended June 30, 2009

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

BUDGET INFORMATION (continued)

4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through the passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer to funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated, require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets are adopted on a cash basis.

3. TOTAL EXPENDITURES – BUDGET AND ACTUAL

The general fund actual expenditures of \$2,517,224 exceeded budgeted expenditures of \$2,369,825 by \$147,399.

4. CASH AND CASH EQUIVALENTS

At June 30, 2009, the Town has cash and cash equivalents (book balances) as follows:

Demand deposits	\$ 584,090
Interest bearing demand deposits	645,186
Time deposits	46,311
	<u>\$ 1,275,587</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2009, the municipality had \$1,033,133 in deposits (collected bank balances). These deposits are secured from risk by \$462,220 of federal deposit insurance and \$570,913 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 2, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the municipality that the fiscal agent has failed to pay deposited funds on demand.

TOWN OF FERRIDAY, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended June 30, 2009

5. RECEIVABLES

The receivables of \$476,872 at June 30, 2009 are as follows:

Sales tax		\$	97,927
State grants			30,802
Fines			<u>7,500</u>
Total general fund			<u>182,167</u>
Proprietary Funds:			
Water billings	\$	276,278	
Less allowance for doubtful accounts		<u>(80,900)</u>	195,378
Sewer billings		160,927	
Less allowance for doubtful accounts		<u>(61,600)</u>	<u>99,327</u>
Total utility enterprise fund			<u>294,705</u>
Total		\$	<u><u>476,872</u></u>

An allowance for bad debts has been established which estimates the amount of uncollectible accounts receivable. The Town writes off accounts receivable by reducing accounts receivable and the allowance for bad debts as they are identified as uncollectible.

6. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2009, is as follows:

	Beginning Balance	Additions	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	<u>\$ 173,954</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 173,954</u>
Capital assets being depreciated				
Buildings	1,712,485	63,117	-	1,775,602
Vehicles	1,237,965	15,280	-	1,253,245
Machinery and equipment	576,634	83,473	-	660,107
Streets	<u>984,124</u>	<u>-</u>	<u>-</u>	<u>984,124</u>
Total capital assets being depreciated	<u>\$ 4,511,208</u>	<u>\$ 161,870</u>	<u>\$ -</u>	<u>\$ 4,673,078</u>

TOWN OF FERRIDAY, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended June 30, 2009

6. CAPITAL ASSETS (continued)

	Beginning Balance	Additions	Decreases	Ending Balance
Less accumulated depreciation:				
Buildings	\$ (732,950)	\$ (46,271)	\$ -	\$ (779,221)
Vehicles	(645,404)	(114,578)	-	(759,982)
Machinery and equipment	(555,273)	(11,706)	-	(566,979)
Streets	(155,800)	(57,176)	-	(212,976)
Total accumulated depreciation	(2,089,427)	(229,731)	-	(2,319,158)
Governmental activities capital assets, net	<u>2,595,735</u>	<u>(67,861)</u>	<u>-</u>	<u>2,527,874</u>
Business-Type Activities:				
Capital assets being depreciated				
Water systems lines and equipment	5,839,493	96,935	-	5,936,428
Sewer system lines and equipment	6,371,698	43,165	-	6,414,863
Total capital Assets being depreciated	12,211,191	140,100	-	12,351,291
Less Accumulated Depreciation:				
Water system lines and equipment	(3,128,030)	(144,472)	-	(3,272,502)
Sewer system lines and equipment	(3,381,688)	(198,409)	-	(3,580,097)
Total accumulated depreciation	(6,509,718)	(342,881)	-	(6,852,599)
Business-Type activities capital assets, net	<u>\$ 5,701,473</u>	<u>\$ (202,781)</u>	<u>\$ -</u>	<u>\$ 5,498,692</u>

Depreciation Expense was charged to governmental functions as follows:

General	\$ 68,000
Police	70,216
Fire	31,049
Streets	60,466
Total	<u>\$ 229,731</u>

TOWN OF FERRIDAY, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended June 30, 2009

7. INTERFUND TRANSACTIONS AND BALANCES

The following is a summary of interfund balances at June 30, 2009:

<u>Receivable Fund</u>	<u>Payable Fund</u>	
Sales Tax Bond Fund	General Obligation	\$ 110,510
Sales Tax Bond Fund	Water Fund	818
General Obligation	Sales Tax Bond Fund	<u>118,875</u>
		<u>\$ 230,203</u>

Operating transfers for the year ended June 30, 2009, were as follows and are used primarily to cover operating expenses:

<u>Transfers in</u>	<u>Transfers out</u>	
General Fund	Sewer Fund	\$ 55,000
General Fund	Water Fund	114,500
Sales Tax Bond Fund	General Fund	127,750
General Obligation Bond Fund	General Fund	15,510
Water Fund	General Fund	342,961
Sewer Fund	General Fund	<u>102,599</u>
		<u>\$ 758,320</u>

8. ACCOUNTS, SALARIES, AND OTHER PAYABLES

Accounts, salaries and other payables at June 30, 2009 are as follows:

	General Fund	Proprietary Funds Water Fund	Sewer Fund	Total
Accounts	\$ 230,278	\$ 24,244	\$ 10,475	\$ 264,997
Payroll taxes	9,675	-	-	9,675
Salaries	12,998	2,878	520	16,396
Other	4,324	-	-	4,324
Total	<u>\$ 257,275</u>	<u>\$ 27,122</u>	<u>\$ 10,995</u>	<u>\$ 295,392</u>

9. CAPITAL LEASES

The municipality records items under capital leases as an asset and obligation in the accompanying financial statements. The net book value of equipment recorded under capital leases in governmental activities in the statement of net assets is \$173,815.

TOWN OF FERRIDAY, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended June 30, 2009

9. CAPITAL LEASES (continued)

The following is a schedule of future minimum lease payments under capital leases, together with the present value of the net minimum lease payments as of June 30, 2009:

<u>Year Ended</u>	
2010	\$ 42,588
2011	24,770
2012	24,416
2013	23,921
2014	19,952
Net minimum lease payments	135,647
Less amounts representing interest	(17,346)
Present value of minimum lease payments	<u>\$ 118,301</u>

10. LONG-TERM LIABILITIES

The following is a summary of changes in governmental activities long-term liabilities in the statement of net assets for the year ended June 30, 2009:

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2009</u>	<u>Due within one year</u>
Capital Leases	\$ 129,257	\$ 22,288	\$ 33,244	\$ 118,301	\$ 35,865
Sales Tax Bonds	355,000	-	110,000	245,000	120,000
General Obligation Bonds	880,000	-	95,000	785,000	100,000
Compensated Absences	6,988	1,689	-	8,677	8,677
Total	<u>\$ 1,371,245</u>	<u>\$ 23,977</u>	<u>\$ 238,244</u>	<u>\$ 1,156,978</u>	<u>\$ 264,542</u>

Bonds payable at June 30, 2009 are comprised of the following:

Sales Tax Bonds - \$1,300,000 in Public Improvement Bonds due in annual installments of \$105,000 to \$125,000 through February 1, 2011, bearing interest at a rate of 4.8% to 5%	\$ 245,000
General Obligation Bonds - \$1,280,000 in General Obligations Bonds due in annual installments of \$90,000 to \$130,000 through March 1, 2016 bearing interest at a rate of 4.5%	<u>785,000</u>
Total	<u>\$ 1,030,000</u>

TOWN OF FERRIDAY, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended June 30, 2009

10. LONG-TERM LIABILITIES (continued)

The annual requirements to amortize the sales tax bonds and the general obligation bonds as of June 30, 2009 are as follows:

Year Ended	Sales Tax Bonds		General Obligation Bonds		Total
	Principal	Interest	Principal	Interest	
2010	\$ 120,000	\$ 17,750	\$ 100,000	\$ 28,075	\$ 265,825
2011	125,000	6,250	100,000	24,675	255,925
2012	-	-	105,000	21,275	126,275
2013	-	-	110,000	14,600	124,600
2014	-	-	115,000	13,640	128,640
Thereafter	-	-	255,000	14,375	269,375
	<u>\$ 245,000</u>	<u>\$ 24,000</u>	<u>\$ 785,000</u>	<u>\$ 116,640</u>	<u>\$ 1,170,640</u>

Bond Indenture Restrictions – Sales Tax Bonds

1. The Town shall maintain a reserve fund with a balance of \$130,000. The balance in the fund was \$155,860 at June 30, 2009 and the Town was in compliance with the reserve fund requirements.
2. The Town shall deposit into a sinking fund the amount of \$10,541 per month. The Town was in compliance with this covenant.

The following is a summary of the business-type activities long-term liabilities for the year ended June 20, 2009:

	Balance July 1, 2008	Additions	Reductions	Balance June 30, 2009	Due within one year
Water	\$ 948,121	\$ -	\$ 104,095	\$ 844,026	\$ 120,535
Sewer	1,196,697	-	46,407	1,150,290	48,487
Totals	<u>\$ 2,144,818</u>	<u>\$ -</u>	<u>\$ 150,502</u>	<u>\$ 1,994,316</u>	<u>\$ 169,022</u>

Bonds payable at June 30, 2009 are comprised of the following:

Water Revenue Bonds - \$1,503,000 in revenue bonds due in monthly installments totaling \$163,524 annually through June 14, 2015 bearing interest at a rate of 5.5%	\$ 844,026
Sewer Revenue Bonds - \$1,800,000 in revenue bonds due in monthly installments totaling \$105,192 annually through June 14, 2033, bearing interest at a rate of 5%	<u>1,150,290</u>
Total	<u>\$ 1,994,316</u>

TOWN OF FERRIDAY, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended June 30, 2009

10. LONG-TERM LIABILITIES (continued)

Annual debt service requirements to maturity for the following debt reported in the business-type activities are as follows:

Year Ended	Water Revenue Bonds		Sewer Revenue Bonds	
	Principal	Interest	Principal	Interest
2010	120,535	42,994	48,487	56,705
2011	127,672	35,857	51,430	53,762
2012	134,761	28,768	53,905	51,287
2013	142,363	21,166	56,662	48,530
2014	150,393	13,136	59,561	45,631
Thereafter	168,482	8,233	880,245	279,148
	<u>\$ 844,206</u>	<u>\$ 150,154</u>	<u>\$ 1,150,290</u>	<u>\$ 535,063</u>

The Town of Ferriday's proprietary fund bonds are governed by the terms of an indenture agreement, under the following terms:

WATER FUND BONDS

1. The Town shall maintain a reserve fund into which monthly deposits of \$997 will be made. The reserve fund balance was \$30,997 at June 30, 2009. Deposits are no longer required in this fund. At June 30, 2009, the Town was in compliance with this covenant.
2. The Town shall maintain a depreciation fund into which monthly deposits of \$970 will be made. The depreciation fund balance was \$82,225 at June 30, 2009. Annual deposits of \$11,640 will be required for each of the next three years. At June 30, 2009, the Town was in compliance with this covenant.

SEWER FUND BONDS

1. The Town shall maintain a reserve fund into which monthly payments of \$375 to \$439 shall be deposited until a balance of \$105,192 has been accumulated. The reserve fund balance was \$128,139 as of June 30, 2009. At June 30, 2009, the Town was in compliance with this covenant.
2. The Town shall maintain a depreciation and contingency fund into which monthly payments of \$414 shall be deposited. The contingency fund balance was \$74,760 as of June 30, 2009. At June 30, 2009, the Town was in compliance with this covenant.
3. The Town had a requirement to maintain a sinking fund in which \$8,766 monthly shall be deposited monthly. The Town now pays the note on a monthly basis so no sinking fund is required.

TOWN OF FERRIDAY, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended June 30, 2009

11. RETIREMENT SYSTEMS

Substantially all employees of the Town of Ferriday are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana or Municipal Police Employees Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows;

A. Municipal Employees Retirement Systems of Louisiana (System)

Plan Description. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan B.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds, and all elected municipal officials are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service in this plan or at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2% of their final-average monthly salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3% for each year retirement precedes age 62, unless they have at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100% of final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

Funding Policy. Under Plan B, members are required by state statute to contribute 5.0% of their annual covered salary, and the Town of Ferriday is required to contribute at an actuarially determined rate. The current rate is 6.75% of annual covered payroll. Contributions to the System also include one-fourth of 1% (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan.

11. RETIREMENT SYSTEMS (continued)

contribution requirements of plan members of the Town of Ferriday are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Ferriday's contributions to the System under Plan B for the year ending June 30, 2009 was \$30,309, equal to the required contribution for those years.

B. Municipal Police Employees Retirement System of Louisiana (System)

Plan Description. All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 in this plan with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3-1/3% of their final-average salary for each year of creditable service. Final-average salary is the

TOWN OF FERRIDAY, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended June 30, 2009

employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

Funding Policy. Plan members are required by state statute to contribute 7.5% of their annual covered salary, and the Town of Ferriday is required to contribute at an actuarially determined rate. The current rate is 13.75% annual covered payroll. The contribution requirements of plan members of the Town of Ferriday are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Ferriday's contributions to the System for the year ending June 30, 2009 was \$19,193, equal to the required contributions for that year.

12. CONTINGENT LIABILITIES

Federal Grants - The Town of Ferriday has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the town.

Litigation - At June 30, 2009, the Town of Ferriday was involved in 11 lawsuits for various claims totaling unknown amounts. Counsel for the Town estimates the range of possible loss at \$-0- to \$85,000.

SECTION IV
ADDITIONAL REQUIRED SUPPLEMENTAL INFORMATION

Required Supplementary Information
TOWN OF FERRIDAY
Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2009

Budgeted Amounts.....		Actual Amounts	Variance with
	<u>Original</u>	<u>Final</u>	(Budget Basis)	Final Budget
			(Note B)	Positive (Negative)
Revenues:				
Ad Valorem - Tax	\$ 80,000	\$ 176,000	\$ 119,816	\$ (56,184)
Franchise Tax	120,000	94,000	93,144	(856)
Tobacco Tax	10,000	-	-	-
Beer Tax	10,000	5,500	6,315	815
Cost Tax	-	1,000	834	(166)
Fire Tax	13,000	13,000	13,291	291
Sales Tax	1,000,000	1,100,000	1,025,475	(74,525)
Ad Valorem - Police	83,000	50,000	50,424	424
Grant Income - State	137,000	44,000	74,430	30,430
Grant Income - Federal	22,000	30,200	-	(30,200)
Other Grants	1,000	-	-	-
FEMA Reimbursements	-	11,000	17,519	6,519
Occupational Licenses	69,000	122,000	213,817	91,817
Building Permits	4,000	3,000	3,936	936
Gas Inspections	4,000	4,000	4,550	550
Traffic Light Maintenance	-	4,200	3,516	(684)
Garbage Sales	220,000	224,000	203,219	(20,781)
Garbage - Penalty and Fees	500	500	20	(480)
Fines and DWI Income	400,000	228,000	219,133	(8,867)
Rental Income	5,000	5,000	5,175	175
Mowing Fees	3,000	6,000	3,075	(2,925)
Recreation Fees	500	3,000	3,625	625
Interest Income	1,800	1,100	5,886	4,786
Miscellaneous Income	10,000	7,000	8,020	1,020
Witness Fee Reimbursement	1,000	1,000	1,938	938
Wal-Mart CEA	300,000	270,000	-	(270,000)
Total Revenues	\$ 2,494,800	\$ 2,403,500	\$ 2,077,158	\$ (326,342)
Expenditures:				
Advertising & Publishing	\$ -	\$ 6,500	\$ 8,844	\$ (2,344)
Auto & Truck Expense	220,000	93,000	105,988	(12,988)
Bank Charges	100	775	633	142
Capital Outlay	57,000	33,000	58,634	(25,634)
Collection Expense	33,000	19,000	35,566	(16,566)
Computer Expense	1,000	2,000	2,272	(272)
Coroner's Cost	5,000	-	-	-
Contract Labor	13,000	25,000	29,507	(4,507)
Court Cost	200	200	-	200
Christmas Expense	400	400	-	400
Dues and Subscriptions	3,000	3,000	2,583	417
Employee Medical & Drug Test	2,000	700	595	105
Mayor's Expense	8,000	4,000	4,050	(50)

Required Supplementary Information
TOWN OF FERRIDAY
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2009

Budgeted Amounts.....		Actual Amounts (Budget Basis) (Note B)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Expenditures (continued):				
Filing Fees	1,500	1,500	3,060	(1,560)
Garbage Contract	210,000	246,000	247,676	(1,676)
Grant Expenditure	36,000	36,000	64,540	(28,540)
Gravel, Culvert, & Resurfacing	-	1,700	1,659	41
Insurance	195,000	170,000	130,480	39,520
Insurance-Workman's Compensation	-	41,000	34,260	6,740
Jail Costs	14,500	500	317	183
Interest	100	100	(56)	156
Inmate Meals	-	1,200	1,150	50
Janitorial & Cleaning	200	-	-	-
Licenses	-	-	30	(30)
Library & Software	1,000	-	-	-
Repairs & Maintenance	51,000	77,500	90,866	(13,366)
Miscellaneous	8,000	6,800	8,535	(1,735)
Office Supply	18,000	27,500	24,185	3,315
Payroll expense	-	-	633	(633)
Pest Control	250	250	-	250
Professional Fees	102,000	44,000	40,013	3,987
Recreation	-	2,400	1,921	479
Rents	-	200	155	45
Retirement	65,000	42,000	38,509	3,491
Salaries - Mayor	31,000	33,000	34,151	(1,151)
Salaries	700,000	775,000	809,281	(34,281)
Salaries - Alderman	14,000	16,100	18,400	(2,300)
Seminar, Education, & Convention	1,800	5,000	4,644	356
Supplies	17,000	32,500	41,823	(9,323)
Tax Roll Expense	2,000	-	-	-
Tax - Payroll	63,000	101,000	88,274	12,726
Tax - Other	1,800	1,800	1,315	485
Ticket Fees	46,000	10,000	11,768	(1,768)
Travel	5,000	13,000	11,754	1,246
Travel - Meals	1,000	2,200	2,347	(147)
Telephone	19,000	21,000	21,982	(982)
Uniforms	1,800	14,000	11,627	2,373
Utilities	78,000	109,000	103,933	5,067
Transfers	-	350,000	419,320	(69,320)
Total Expenditures	<u>2,026,650</u>	<u>2,369,825</u>	<u>2,517,224</u>	<u>(147,399)</u>
Net change in fund balance	468,150	33,675	(440,066)	(473,741)
Fund balance - July 1, 2008	<u>1,033,518</u>	<u>1,033,518</u>	<u>1,033,518</u>	<u>-</u>
Fund balance - June 30, 2009	<u>\$ 1,501,668</u>	<u>\$ 1,067,193</u>	<u>\$ 593,452</u>	<u>\$ (473,741)</u>

TOWN OF FERRIDAY
Notes to the Required Supplementary Information
For the Year Ended June 30, 2009

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule

1. Basis of Presentation

The Budgetary Comparison Schedule presents the original legally adopted budget, the final legally adopted budget, the actual data on the cash basis, and variances between the final budget and the actual data.

2. Budget Amendments and Revisions

The budget is adopted by the Board of Aldermen. Amendments can be made on the approval of the Board of Aldermen. A budgetary comparison is presented for the General Fund consistent with accounting principles accepted in the United States of America.

3. Budget/GAAP Reconciliation

The major difference between the budgetary basis and the GAAP basis are:

- a. Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
- b. Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

The following schedule reconciles net change in fund balances on the budgetary basis schedules to the GAAP basis financial statements for the General Fund:

Net change in fund balance - budget basis	\$ (440,066)
Increase (decrease)	
Net adjustments for revenue accruals	28,124
Net adjustments for expenditure accruals	(206,182)
Net change in fund balance - GAAP Basis	<u>\$ (618,124)</u>

SECTION V
OTHER REPORTS

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

The Honorable Glen McGlothlin, Jr., Mayor
and Members of the Board of Aldermen
Town of Ferriday, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Ferriday, Louisiana as of and for the year ended June 30, 2009, which collectively comprise the Town of Ferriday, Louisiana's basic financial statements and have issued our report thereon dated December 23, 2009. The report on the business-type activities and the water and sewer funds was qualified because we could not determine the correct amount of water consumption and the related amounts of water and sewer that should have been billed to customers during the year. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Town of Ferriday, Louisiana's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Ferriday, Louisiana's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Ferriday, Louisiana's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency or combination of control deficiencies, that adversely affect the Town of Ferriday, Louisiana's ability to initiate, authorize record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town of Ferriday, Louisiana's financial statements that is more than inconsequential will not be prevented or detected by the Town of Ferriday, Louisiana's internal control. We consider the deficiencies referenced as 2009-1, 2009-2, 2009-3, 2009-4, 2009-5, 2009-6, 2009-7, 2009-8 and 2009-9 in the accompanying schedule of findings, recommendations and corrective action plan to be significant deficiencies in internal control over financial reporting.

The Honorable Glen McGlothin, Jr., Mayor
And Member of the Board of Aldermen
Town of Ferriday, Louisiana
Page Two

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town of Ferriday, Louisiana's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 2009-1, 2009-2, 2009-3, 2009-4, 2009-5 and 2009-6 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Ferriday, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an object of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings as 2009-7, 2009-8 and 2009-9.

The Town of Ferriday, Louisiana's response to the findings identified in our audit is described in the accompanying schedule of findings. We did not audit the Town of Ferriday, Louisiana's response and, accordingly, we express no opinion on it.

This report is intended for the information and use of management, the Board of Aldermen, the Legislative Auditor of the State of Louisiana, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



Natchez, Mississippi
December 23, 2009

SECTION VI
SCHEDULE OF FINDINGS

TOWN OF FERRIDAY, LOUISIANA
Schedule of Findings
For the Year Ended June 30, 2009

Section 1: Summary of Auditors' Results

Financial Statements:

1. Type of auditors' report issued on the basic financial statements:

Governmental Activities	Unqualified
Business-Type Activities	Qualified
Major Funds:	
General Funds	Unqualified
Sales Tax Bond Fund	Unqualified
General Obligation Bond Fund	Unqualified
Street Construction Fund	Unqualified
Water Fund	Qualified
Sewer Fund	Qualified

2. Internal control over financial reporting:

- | | |
|--|-----|
| a. Material weakness(es) identified? | Yes |
| b. Significant deficiency(ies) identified that are not considered to be material weaknesses? | Yes |

3. Noncompliance material to the basic financial statements? Yes

TOWN OF FERRIDAY, LOUISIANA
Schedule of Prior Audit Findings
For the Year Ended June 30, 2009

Ref No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken (Yes, No, Partially)	Planned Corrective Action/Partial Corrective Action Taken
Section I - Internal control and Compliance Material to the Financial Statements:				
2008-1	6/30/2006	<u>Utility Accounts Receivable Subsidiary Maintenance</u> Records of accounts receivable from utility customers are not reconciled periodically to the computer system or to the general ledger. The general ledger balance of accounts receivable at June 30, 2008 was \$358,809 while the balance of accounts receivable according to the month-end computer system status report was \$257,299 - a difference of \$101,510.	No	The Town has purchased new software that will enable them to prepare these reconciliations.
2008-2	6/30/2006	<u>Controls over Utility Receivables</u> As noted in our prior year audit and the Louisiana Legislative Auditor's report dated March 26, 2008, internal controls over utility receivables are not effective in the following areas: 1. Numerous old and uncollectible receivables are carried on the books; and in some cases these receivables are offset by meter deposits. 2. Customer deposits are not periodically reconciled to the general ledger. 3. There are no controls over credits to customer accounts. 4. The billing to customers for water consumption is not accurate. 5. There is a lack of segregation of duties in the utility clerk's position.	No	The Town has purchased new software that will enable them to implement the recommended controls.
2008-3	6/30/2003	<u>Meter Deposits</u> At June 30, 2008, the cash account for customer deposits totaled \$90,633, but the liability account for these deposits was only \$46,663 per the general ledger and \$54,920 per the subsidiary ledger (see 2008-2 above).	No	The Town has purchased new software that will enable them to prepare these reconciliations.
2008-4	6/30/2008	<u>Fines Accounts Receivable Subsidiary Maintenance</u> Subsidiary ledgers of fines receivable are not periodically reconciled to the general ledger. Periodic reconciliations of additions to receivables, collections of receivables, and the resulting accounts receivable balance between the general ledger and the subsidiary ledger is a standard business control over the billing and collection process.	No	Subsidiary ledgers will be reconciled to the general ledger during FYE 6-30-2010.
2008-5	6/30/2008	<u>Advalorem Taxes</u> Our analysis indicates that advalorem taxes were not properly settled between the general fund and the general obligation bond fund. A total of 12 mills was levied for the general obligation bond fund (46% of the total levy of 26.11); but total deposits to the general obligation bond fund were only 39% of the total advalorem tax collections - a difference of approximately \$16,452.	No	This will be corrected during the FYE 6-30-10.
2008-6	6/30/2008	<u>Vacation Pay for Mayor</u> The Mayor of the previous administration, whose term in office expired on June 30, 2008, was paid \$2,917 for vacation pay on the last day of the fiscal year June 30, 2008.	Yes	This matter has been discussed with the District Attorney's office
2008-7	6/30/2008	<u>Payment of Uninsured Claim</u> The Town paid approximately \$19,528 of expenses for damages to a local church purportedly related to a back up in the Town's sewer lines. However, the Town's insurance company later determined that the Town had no liability for the incident and refused to cover the Town's loss.	Yes	This matter has been discussed with the District Attorney's office

TOWN OF FERRIDAY, LOUISIANA
Schedule of Prior Audit Findings
For the Year Ended June 30, 2009

Ref No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken (Yes, No, Partially)	Planned Corrective Action/Partial Corrective Action Taken
Section I - Internal control and Compliance Material to the Financial Statements:				
2008-8	6/30/2007	<u>Late Filing of Audit Report</u> Louisiana Revised Statute 24:513 requires all audit engagements be completed and transmitted to the Louisiana Legislative Auditor within six months of the close of the entity's year. Accordingly, this audit report was due to be filed in January 2008.	Yes	This finding has been corrected.
2008-9	6/30/2008	<u>Check substitution Scheme</u> The Louisiana Legislative Auditor's report dated March 26, 2008, disclosed that the Town was operating a check substitution scheme in which cash was collected from customers, but was not deposited in the Town's bank accounts. This missing cash was collected from various utility customers and was concealed by a Town employee. Mayor Gene T. Allen was notified of this problem by the Louisiana Legislative Auditor and he responded to the finding in a letter dated March 19, 2008. Subsequent to March 19, 2008, Mayor Allen continued to employ the employee who was concealing the cash and made no changes to stop the theft. The Town's records were tested for nine (9) days during the year and \$3,568 in cash was missing. Although the scope of the test was for nine days, extended procedures revealed evidence of additional missing cash in other days. The scheme may have begun in October 2004 and continued until June 30, 2008, when Mayor Allen left office.	Yes	This matter has been discussed with the District Attorney's office
2008-10	6/30/2008	<u>Personal Expenditures of Mayor Gene T. Allen</u> Mayor Gene T. Allen was reimbursed for meals and travel totaling \$822.16 for a trip to Las Vegas, Nevada in June of 2008. The purpose of the trip was to attend a beauty contest in which the daughter of an alderman was a participant. This reimbursement was approved by the Board of Aldermen, but is in violation of Article 7, Section 14 of the Louisiana Constitution.	Yes	This matter has been discussed with the District Attorney's office

TOWN OF FERRIDAY, LOUISIANA
Current Year Findings, Recommendations and
Corrective Action Plan
For the Year Ended June 30, 2009

Ref No.	Description of Finding	Corrective Action Planned	Name(s) of Contact Person(s)
2009-1	<p><u>Advalorem Taxes</u> Advalorem taxes were not properly settled between general activities and police protection activities in the general fund and the general obligation bond fund. Total millage approved by Town Council was 25.99 mills - 4.65 mills (17.9%) for general activities in the general fund; 9.34 mills (35.9%) for fire and police protection in the general fund; and 12.00 mills (46.2%) for the general obligation bond fund. The actual allocation to general activities in the general fund, police and protection in the general fund, and the general obligation bond fund was 40.2%, 16.9% and 42.9%, respectively.</p> <p><u>Recommendation</u> We recommend the Town review its procedures for allocating advalorem taxes between funds to assure that decisions of the Board of Aldermen are carried out as required by law.</p>	This will be corrected during the FYE 6-30-10.	Mayor Glen McGlothlin
2009-2	<p><u>Utility Accounts Receivable Subsidiary Maintenance</u> Records of accounts receivable from utility customers are not reconciled periodically to the computer system or to the general ledger. The general ledger balance of accounts receivable at June 30, 2009 was \$472,467 while the balance of accounts receivable according to the month-end computer system status report was \$337,979 - a difference of \$134,488.</p> <p><u>Recommendation</u> We recommend the Town implement a system of reconciling between the subsidiary ledger and the general ledger any changes in the accounts receivable balance.</p>	The Town has purchased new software that will enable them to correct this finding.	Mayor Glen McGlothlin
2009-3	<p><u>Out-of-Service Water Meters</u> As has been reported in prior years, many of the Town's water meters are broken or out of service.</p> <p><u>Recommendation</u> We recommend that the Town replace all old and broken water meters.</p>	The Town is currently trying to get funding to replace these meters.	Mayor Glen McGlothlin
2009-4	<p><u>Utility Billing Software</u> The Town's billing software for water, sewer and garbage services is old and no one at City Hall knows how to use it.</p> <p><u>Recommendation</u> We recommend that the Town train its employees in the use of the current software or replace the software</p>	The Town has purchased new software that will enable them to correct this finding.	Mayor Glen McGlothlin
2009-5	<p><u>Segregating of Duties - Utility Clerk</u> There is a lack of segregation of duties in the utility clerk's position. The utility clerk has the following duties: a. Inputs water meter readings into computer b. Receives payments from customers c. Makes adjustments to customer accounts d. Prepares deposit slips e. Reconciles deposit slips to the Z tapes</p> <p><u>Recommendation</u> We recommend the Town implement a system of controls over utility billings that will result in the segregation of the above mentioned duties.</p>	This will be corrected during FYE 6-30-10.	Mayor Glen McGlothlin

TOWN OF FERRIDAY, LOUISIANA
Current Year Findings, Recommendations and
Corrective Action Plan
For the Year Ended June 30, 2009

Ref No.	Description of Finding	Corrective Action Planned	Name(s) of Contact Person(s)
2009-6	<p><u>Fines Accounts Receivable Subsidiary Maintenance</u> Subsidiary ledgers of fines receivable are not periodically reconciled to the general ledger. Periodic reconciliations of additions to receivables, collections of receivables, and the resulting accounts receivable balance between the general ledger and the subsidiary ledger is a standard business control over the billing and collection process.</p> <p><u>Recommendation</u> We recommend the Town implement a system of reconciling between the subsidiary ledger and the general ledger any changes in the accounts receivable balance.</p>	This will be corrected during FYE 6-30-10.	Mayor Glen McGlothlin
2009-7	<p><u>Maturing Certificates of Deposit</u> A cashier's check for a maturing certificate of deposit was issued by the Bank to the Town in October, 2008; but the check was not deposited until July, 2009. As a result, the Town lost the earnings on the certificate principal of \$300,000 for a period of approximately nine months.</p> <p><u>Recommendation</u> We recommend the immediate deposit of all cash receipts.</p>	Future cash collections will be deposited immediately.	Mayor Glen McGlothlin
2009-8	<p><u>Due to/ Due From in Restricted Accounts</u> During the current fiscal year, annual payments on the sales tax bonds were paid from the general obligation bond fund and annual payments on the general obligation bonds were paid from the sales tax bond fund. In addition, when a certificate of deposit in the sales tax bond fund matured during the fiscal year, it was deposited in the water fund; and when the error was subsequently discovered, the transfer back to the sales tax bond fund was short by a small amount. The net result of the above transactions was the creation of a due to/due from in the sales tax bond fund and the general obligation bond fund.</p> <p><u>Recommendation</u> Since the sales tax bond fund and the general obligation bond fund are restricted accounts, they should not be used for any purpose other than the payment of their respective liabilities.</p>	<p>The respective due to/due from balances between the sales tax bond and the general obligation bond funds were reimbursed subsequent to the current fiscal year.</p> <p>The amount due from the water fund to the sales tax bond fund will be reimbursed immediately.</p>	Mayor Glen McGlothlin
2009-9	<p><u>Actual Expenditures in Excess of Budgeted Expenditures</u> Actual expenditures for the current fiscal year of \$2,517,224 exceeded final budgeted expenditures of \$2,369,825 - a difference of \$147,399. An excess of actual expenditures over budget is a law violation.</p> <p><u>Recommendation</u> We recommend that the Town limit its expenditures to its budget.</p>	Expenditures will be kept within the budget in the future.	Mayor Glen McGlothlin

SUPPLEMENTAL INFORMATION

TOWN OF FERRIDAY, LOUISIANA
Compensation Of The Governing Board
As of and for the Year Ended June 30, 2009

Glen McGlothin, Mayor	\$ 34,151
Elija Banks	3,700
Johnnie Brown	3,700
Jerome Harris	3,600
Somer L. Lance	3,700
Gloria Lloyd	<u>3,700</u>
	<u>\$ 52,551</u>